## **Income Tax - Wage (nondeductible) Subtraction**

Can wages and salaries that were not deductible on the federal return because of a federal tax credit be deducted from federal taxable income on the Colorado corporate income tax return?

Yes, to the extent the wages or salaries were paid or incurred for the taxable year and the deduction for which is disallowed by section 280C of the Internal Revenue Code.

This includes only wages and salaries that qualified for:

- The Indian Employment Credit under IRC section 45A(a),
- The Work Opportunity Credit under IRC section 51(a),
- The Empowerment Zone Employment Credit under IRC 1396(a),
- The Orphan Drug Credit under Section 45C(a), or
- The Research Expense Credit under Section 41(a)
- The Employee Retention Credit under Section 1400R
- The Welfare-To-Work Credit under Section 51A
- The Mine Rescue Team Training Credit under Section 45N

The Employer Social Security Credit or FICA Tip Credit under IRC section 45B is not covered by section 280C of the Internal Revenue Code and therefore is not deductible on the Colorado return.